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ABSTRACT

The present scope and operation of New York State's financial aid programs, and improvements recommended by the Board of Regents, are examined and recent developments in the state's programs are reported. The Guaranteed Student Loan program showed the greatest increase in activity of all the state-administered student aid programs. Tuition assistance payments (TAP) increased from 1978-1979 to 1979-80, and the estimated number of undergraduate TAP recipients in 1979-80 increased by 13.5 percent over 1978-79. At the graduate level, there was an overall decrease of 4.2 percent in TAP recipients. Beginning in the 1979-80 academic year, the New York Higher Education Services Corporation implemented a system of income verification for all TAP recipients and their families. A new variable prepayment system for state awards has also been implemented. Among the recommendations to improve the state student financial assistance programs are the following: changes in income schedules and scales for undergraduate and graduate TAP awards; extension of eligibility for TAP awards to part-time undergraduates; and a comprehensive program of graduate student aid. Data on state-administered student aid programs and on other federal student aid programs in New York are assessed, and the relationship of state and federal aid programs is considered. (SW)

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A REPORT BY THE BOARD OF REGENTS TO THE GOVERNOR AND LEGISLATURE ON STATE STUDENT FINANCIAL AID PROGRAMS

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The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Albany, New York 12234
December 1980

A REPORT BY THE BOARD OF REGENTS

TO THE GOVERNOR AND LEGISLATURE

ON STATE STUDENT FINANCIAL AID PROGRAMS

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Albany, New York 12234
December 1980

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Gordon M. Ambach

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Joseph J. Blaney

Deputy Commissioner for Higher and Professional Education
Dorothy Harrison-Blaney

Section 603 of the Education Law
(As amended by Chapter 942, Laws of 1974)

Section 603. Evaluation of the board of regents. On or before January first, nineteen hundred seventy-six, and annually thereafter on or before December first, the board of regents shall make a report to the Governor and the temporary president of the senate, the speaker of the assembly, the senate finance committee, the assembly ways and means committee and the standing committees of the legislature having jurisdiction of higher education evaluating all financial assistance and loan programs established by this article, which report shall contain such recommendations as the regents may deem appropriate.

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THE UNIVERSITY OF THE STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
OFFICE OF THE PRESIDENT OF THE UNIVERSITY
AND COMMISSIONER OF EDUCATION
ALBANY, NEW YORK 12234

November 20, 1980

To the Governor and the Legislature:

Student financial aid programs, which have grown rapidly within the past decade, constitute an important element in the financing of postsecondary education. Federal and state governments, institutions and other private sources are currently providing over $14 billion dollars in various assistance programs which are highly instrumental in extending educational opportunity. New York State has a long record of leadership in aiding postsecondary students. Financial barriers have been lowered to achieve a goal of maximum educational access.

The total State program of financial assistance, the largest in the nation, is broad and comprehensive. It comprises an extensive network of low tuition public colleges, tuition assistance grants at public and independent institutions, scholarships for able high school graduates, professional and graduate students and guaranteed loans for postsecondary students.

The present scholarship and tuition assistance grants are based on legislation of 1974 as amended in subsequent years. The legislation of 1974 established the New York Higher Education Services Corporation to centralize the administration of State financial aid programs of scholarships, grants and loans and to coordinate such programs with those of other levels of government, particularly the Federal government. Under the law, the Higher Education Services Corporation is responsible for the issuance of award and loan payments and the Education Department retains the responsibility for selection of winners and alternates in seven programs of scholarships or academic performance awards. The law, under Section 602, provides that the Commissioner shall establish regulations governing student eligibility for student award and loan programs in the following areas:

1. Full-time and part-time attendance
2. Summer study
3. Permissible use of general and academic performance awards
4. Matriculation
5. Academic standing.

Section 607 of the law also provides that the Commissioner shall establish regulations governing institutional disclosure of information for students. Such information includes:

1. Financial aid programs
2. Educational costs
3. Refund policies
4. Instructional programs.

Over the years, the Board of Regents has reviewed the State's student financial assistance programs and made recommendations for significant changes. Many of these recommendations formed the basis for legislative changes in 1957, 1961 and 1969. The Tuition Assistance Program, adopted in 1974, paralleled a Regents proposal for the expansion of the tuition grant and took into account a survey of recipients of student aid carried out by the State Education Department.

The Regents continue to review and evaluate the State's student financial aid programs. Accordingly, this report contains not only a description of the present scope and operation of the State's financial aid programs but also recommends improvements aimed at the enlargement of educational opportunity.

Gordon M. Ambach
President of The University and
Commissioner of Education

Section

I

Recent Developments in the State's Student Aid Programs

1. The State's student financial aid programs (loans and grants) for 1979-80 totaled $940.7 million, of which $258.6 million was for the Tuition Assistance Program (TAP) and $662.8 million was for loans. The balance of $19.3 million was expended for other grant and scholarship programs. Scholarship and grant assistance, including TAP awards, was provided to about 400,000 students. Nearly 325,000 student loans were approved in 1979-80 including 165,000 for first-time borrowers.

2. Of all State-administered student aid programs, the Guaranteed Student Loan Program showed the greatest increase in activity. The number of borrowers increased from 237,000 in 1978-79 to 325,000 in 1979-80, an increase of 37 percent. For the same period, the total amount of loans increased from $450.4 million to $662.8 million, an increase of 47 percent.

3. Tuition assistance payments (TAP) increased from $225.3 million in 1978-79 to $258.6 million in 1979-80; the increase resulted mainly from the continued phasing-in of increased award levels established in 1978.

4. The estimated number of undergraduate TAP recipients in 1979-80 increased by 13.5 percent over 1978-79. The largest estimated increase in recipients at the undergraduate level occurred in the "Other" school sector which is comprised of hospital schools, degree-granting proprietary institutions, and registered nondegree business schools with curricula of two years' duration. Smaller increases in recipients occured in the State and City University Community Colleges and in the independent colleges. At the graduate level, there was an overall decrease of 4.2 percent in recipients. Within this overall decrease, there were small increases at the independent colleges and City University and a small decrease at the State University.

5. The average TAP award for undergraduates increased by an estimated 11.4 percent between 1978-79 and 1979-80, ($731 to $814). Average awards increased in all sectors at the undergraduate level. The increase in the SUNY State-operated and CUNY colleges is due primarily to the increase in tuition charges for lower division students. The increase at the independent colleges results from the continued phasing-in of the $1,800 maximum award scale. For graduate students, the estimated average TAP awards in all sectors were higher.

6. Beginning in the 1979-80 academic year, the New York Higher Education Services Corporation implemented a system of income verification for all TAP recipients and their families. This project resulted from an agreement between the Corporation and the Department of Taxation and Finance, in compliance with the Federal privacy of information law, whereby a common identifier, the social security number, is used. Through the checking of 330,000 applications with tax returns, awards for 26,000 students were decreased by $7.4 million while awards for 16,000 students were increased by $3.7 million.

7. In a report issued in April, 1980 the Department of Audit and Control found that the Corporation had not been collecting student award refunds from institutions on a timely basis. The report showed that the Corporation should have collected about $8.1 million in refunds during 1978-79 and an additional $4.0 million during 1979-80. The delay in the collection of refunds resulted in the loss of an estimated $645,000 in interest income to the State. The Corporation has attributed the problems relating to the collection of refunds to these factors: a) delays in implementing changes in payment processing for 1978-79 and, b) the need to use available resources for 1979-80 processing and the development of the Income Verification Program.

   The audit report also found that the Corporation did not deposit collected refunds in a timely manner. In April 1980, the Corporation had over $4 million in undeposited checks on hand. Failure to make timely deposits of refunds to the State Treasury resulted in the loss of an estimated $141,000 in interest income to the State.

   The Corporation has concurred with recommendations from the Department of Audit and Control for correcting the problems identified in the report and has indicated that it has implemented a number of changed procedures.

8. Commencing in the 1980 fall term, the Corporation has initiated a new system for payment of State awards. Under a new variable prepayment system, an institution receives payment based on the complete payment experience for the appropriate terms in the previous academic year. The percentage of possible prepayments ranges from a minimum of 50 percent to a maximum of 90 percent. The new system replaces a 75 percent lump sum prepayment system, based on award values before eligibility certification, with subsequent supplemental payments. The Corporation feels that the new system will reduce the dollar volume of supplemental payments and refunds and will allow for earlier disbursement of funds at the institutions.

9. As a result of 1980 legislative action, the State student aid programs were amended in the following ways:

   a. A program of Regents scholarships for study of veterinary medicine has been established with ten annual awards. The amounts range from $350 to $1,000 per year, based on family income.

   b. The provision on leaves of absence for holders of Regents scholarships has been amended to provide that recipients who have commenced study have a period of seven years to use the awards without a prior request for leaves of absence. Recipients who have not commenced study may receive temporary leaves of absence on the basis of criteria established by the Regents.

   c. Eligibility for emancipated or independent student status is extended to students under 22 years of age who are married and who otherwise meet criteria for such status. The criteria have also been amended to conform with those of Federal student aid programs.

   d. Provisions on payment procedures for State awards have been amended to clarify methods of payments available to institutions and the conditions of refund liability for students and institutions.

e. The restriction that a TAP award is applicable to only one undergraduate degree or certificate program has been eliminated.

f. Eligibility for state awards is extended to New York residents who attend the schools of medicine of Morehouse College (Georgia) and the University of Puerto Rico and the Meharry Medical College and School of Dentistry (Tennessee) under contractual arrangements between the State and the schools. The University of Vermont Medical School and the Sackler School of Medicine in Israel are already covered under such arrangements.

g. Provisions of the State supplemental student loan program, administered by the New York State Higher Education Services Corporation, have been amended to provide that:

1. Students in Fifth Pathway medical programs are eligible to borrow up to $7,500 per year, or $30,000 in the aggregate. Students in other health profession fields are already covered by such maximum loan amounts.

2. Borrowers in medical, dental and veterinary programs shall, with certain exceptions, commence repayment of loans nine months, instead of 36 months, after completion or termination of their programs.

10. In April 1980 the Regents approved a number of amendments to the Commissioner's Regulations on student financial aid programs. One group of amendments, which became effective in September 1980 includes the following:

a. Full-time study. In academic programs not organized on a semester or quarter basis, a minimum of 24 semester hours of credit over a term consisting of the entire academic year may constitute full-time study for purposes of State awards. Students in such programs are required to prefile plans showing that 24 or more credits will be attempted.

b. Duplicative awards, five year programs and theological programs. Amendments to these sections of the Regulation are primarily for purposes of clarification.

Another section of the revised Regulations, dealing with program pursuit and academic progress, is effective September 1981. Education Law states that payments of State awards shall be suspended for any student who loses good academic standing. It also requires the Commissioner to define loss of good academic standing. This section of the amended Regulations could have significant impact on student aid recipients and institutions. Program pursuit is defined as receiving a passing or failing grade in a certain proportion of a minimum full-time courseload. Academic progress will be reviewed according to institutionally established standards which are approved by the Commissioner. The changes incorporated in this section of the Regulations are intended to correct deficiencies and abuses revealed in audits by the Department of Audit and Control.

Section

II

Recommendations of the Regents

The development and expansion of the State's student financial aid programs promote student access and choice which are especially important in a time characterized by relatively stable enrollments and an unstable economy.

During 1979-80, the estimated average TAP awards increased in all undergraduate sectors and thus helped to offset tuition increases in both the independent and public sectors. The overall undergraduate TAP award increased from $731 in 1978-79 to $814 in 1979-80, an increase of 11.4 percent. Further, guaranteed student loans continued to increase in both numbers and amounts to offset increasing educational costs that were not covered by TAP awards and other sources of grant aid. The average guaranteed loan increased from $1,902 in 1978-79 to $2,041 in 1979-80, a gain of 7.3 percent. The increase in student loan funds is also due to the removal of an income limitation, following implementation of the Middle Income Student Assistance Act of 1978.

Accountability for both expenditures and program quality is being improved, particularly through the interagency cooperation that resulted from an agreement between those agencies having programmatic or fiscal responsibilities for student aid programs. Examples of such cooperation includes the income verification project for TAP and development of amendments to Commissioner's Regulations relating to eligibility for awards.

There are, however, several areas where further improvements are needed in the immediate future. The following recommendations of the Regents are aimed at enhancing the effectiveness of State student financial assistance.

Recommendations

1. Changes in income schedules and scales for undergraduate and graduate Tuition Assistance Program awards.

   a. The income ceilings for maximum and minimum TAP awards for undergraduates should be raised. There is a need to raise the income level for the maximum TAP award in order to establish greater equity for students from low income families. In 1978, the maximum undergraduate award was raised from $1,500 to $1,800 (or tuition, whichever is less) and the income ceiling was raised from $2,000 to $2,750, net taxable income. (The maximum of $1,800 applies to first-time TAP recipients and was made retroactive for such recipients in 1977-78.) The previous ceiling of $2,000 for a maximum award had been in effect since 1970. The equivalent gross income for a two-parent family with two children, using standard deductions and having a net taxable balance of $2,750, is approximately $7,450. This gross income is at the poverty level and, for example, is still lower by $2,675 than the eligibility level for a student from the same size family in State-sponsored programs for disadvantaged students at both public and

independent postsecondary institutions. Currently, about 32 percent of all undergraduate TAP recipients (excluding those who are single, financially independent and without dependents) are in the net taxable income range of $0 to $2,750. Under the proposed threshold of $5,000, approximately 43 percent of such undergraduate recipients would receive a maximum award. Considering the effects of inflation on family income and college costs, the proposed increase is a moderate one.

The upper income limit for a minimum award of $200 should be increased from $20,000 to $30,000 net taxable income, also in recognition of inflation. The $20,000 level, which is equivalent to about $25,000 gross income, was established in 1969. The proposed level of $30,000 is less than the current level of $20,000, adjusted for inflation since 1969.

An illustrative scale of awards under the changed income ceilings is shown in Appendix A.

b. The income ceilings for maximum and minimum awards for graduate and professional students should be raised. An amendment enacted in 1978 increased the income ceiling for a maximum award for undergraduates from $2,000 to $2,750, but did not change the ceiling for graduate students, which remains at $2,000. Prior to that change, both undergraduate and graduate awards were calculated on the same income basis, and the Regents recommend that that condition be reestablished. Currently, about 24 percent of all graduate level TAP recipients (excluding those who are single, financially independent and without dependents) are in the income range of $0 to $2,000. Under the proposed ceiling of $5,000, approximately 42 percent of such graduate recipients would receive a maximum award. This proposal would make the income schedule for graduate students uniform with that for undergraduates, with maximum $600 awards provided to students with net taxable incomes not exceeding $5,000, and minimum $100 awards to students whose net taxable incomes do not exceed $30,000.

   An illustrative scale of awards under the changed income ceilings is shown in Appendix A.

c. The $200 reduction in TAP awards for undergraduate students who have received four semesters of award payments should be eliminated. When the reduction provision was established in 1974, it was assumed that upper-division undergraduate students could make a larger contribution to their educational costs through higher earnings from part-time employment and increased borrowing. However, the effect of inflation on college costs have negated self-help contributions.

2. Extension of eligibility for TAP awards to part-time undergraduates.

In order to maintain the present highly educated pool of manpower in New York State, the Regents believe that barriers to access to higher education must be minimized for persons who must study on a part-time basis. The extension of eligibility for TAP to part-time undergraduates

would help minimize fiscal barriers for persons seeking career advancement or retraining for new careers. It would also assist persons--primarily women--with family responsibilities that prevent full-time study, but who are seeking to develop employment skills. The major Federal student aid programs provide assistance to part-time students. In New York, in 1977, there were over 225,000 part-time undergraduates, a number that had declined by 12 percent from the number enrolled two years earlier. This decline signifies the existence of significant barriers to part-time study. Extension of TAP to this group would reduce at least one of those barriers, tuition costs. Only students enrolled for not less than six nor more than eleven semester hours a semester would be eligible for awards. In recognition of fiscal considerations, eligibility would be phased in. In 1981-82, only students who had already earned 90 semester hours in a four-year program, or 45 semester hours in a two-year program would be eligible. In 1982-83, only students who had already earned 60 semester hours in a four-year program or 30 semester hours in a two-year program would be eligible. In 1983-84 and thereafter, students who had already earned 30 semester hours in a four-year program, or 15 semester hours in a two-year program would be eligible for awards. Part-time students, under this proposal, would receive awards at one-half the value of awards for full-time students at equivalent income levels.

3. A comprehensive program of graduate student aid.

A Regents Fellowship Program should be established that would provide 800 awards annually to first-time doctoral students who are residents of New York State and who attend a registered doctoral program at a New York State institution as full-time students. Awards should be made for tuition and stipends for living expenses. The tuition portion of the award would be $3,000 or tuition, whichever is less. The stipend for living expenses would be $2,500 per year. Not less than 50 of the fellowships would be awarded to students in programs designated to prepare students for careers in political science, international affairs, and public administration. Such fellowships would be known as the Lehman Fellowships. Another 50 fellowships would be awarded to students in programs of mathematics, physical and biological sciences. The remaining 700 fellowships would be intended for use in doctoral programs designed to prepare the holders to conduct original research in fields of knowledge beneficial to the economic well-being of New York State.

The fellowship program is designed to assure a continuing source of talented young people who can best contribute to the advancement of the frontiers of knowledge and thus to support the economic needs of the State. In spite of the possible oversupply of Ph.D.'s in many fields, persons with strong training and capable of creative contributions to society are and will continue to be in great demand. Research is the basis of both higher education and industrial development.

The number of fellowships available from New York State has dwindled in recent years. In 1971, approximately 800 new fellowships were authorized through Regents fellowship programs. All of these programs were terminated in 1972; the Lehman Fellowship program was reinstated through annual budget appropriations. It is time for the State to once again make an investment in a fellowship program. The

program is designed to enhance New York's ability to attract and retain industry that depends on a continuing supply of highly educated researchers. The Regents have also proposed to the Federal government a program of matching aid to institutions enrolling State fellowship holders.

The recommendations for improving and expanding the State's student aid programs are addressed to needed changes in the near future. They will be presented as legislative proposals for consideration by the Legislature in 1981. Estimated costs will be included with the proposals.

* * * * *

The 1980 Statewide Plan for the Development of Postsecondary Education, under the goal of access, proposes that by 1984 the State will adopt revised policies for student aid and special support for the economically and educationally disadvantaged. Although State and Federal programs have certainly succeeded in promoting access and choice, they are not closely coordinated and employ different levels of administrative control, different funding mechanisms, financial means tests and application procedures. In carrying out the proposed activity in the 1980 Statewide Plan, it is essential that the State assess goals for its student aid program, determine how the variety of existing governmental and institutional programs operate and identify alternative ways in which the program can serve the needs of their constituencies. There is further discussion of this topic in Section VI of this report.

The magnitude of the major State and Federal student aid programs shown in the following table emphasizes the need for maximum coordination of programs and clear goals.

State and Federal Student Aid Expenditures
in New York State
Major Programs, 1979-80

Program	Amount (estimated in millions)	Percent
State		
Tuition Assistance Program	$ 251.3	18.0
Regents Scholarships	19.3	1.4
State Supplemental Loans	33.0	2.6
Total	303.6	22.0
Federal		
Basic Educational Opportunity Grants	248.5	18.0
Supplemental Educational Opportunity Grants	25.5	1.8
State Student Incentive Grants	7.3*	.7
Guaranteed Student Loans	715.2	51.8
National Direct Student Loans	31.6	2.3
College Work Study	48.0	3.4
Total	1,076.1	78.0
Grand Total	1,379.7	100.0

*This Program supplemented the State expenditure of $251.3 for the Tuition Assistance Program.

Section

III

The Scope of State-Administered Student Aid Programs

New York State provides an extensive program of financial assistance aimed for the improvement of college-going opportunity. This array of aid encompasses scholarships based on merit, noncompetitive tuition grants scaled on family income and tuition costs, and student loans which do not require a means test. Basically, the State-administered programs are comprised of Regents scholarships and TAP awards, which are funded by State appropriations, and guaranteed student loan programs for which loan capital is derived from private lending agencies. The terms and conditions governing these programs are carried in Articles 13 and 14 of the Education Law. The Higher Education Services Corporation is responsible for the administration of the programs.

The State's financial assistance programs began in 1913 with the establishment of the Regents College Scholarship Program for outstanding high school seniors. Scholarship awards were based then, as now, on competitive examinations. Over the years, both the numbers and the amounts of awards increased. In addition, other special scholarship and award programs were established for both undergraduate and graduate study. The State Education Department is responsible for the selection of winners in the competitive programs and the payments are administered by the Higher Education Services Corporation.

In 1961, the Legislature established the Scholar Incentive award program, a noncompetitive grant program for full-time undergraduate and graduate students. The first awards were made in 1962. Within a few years, the size of the Scholar Incentive award program, in terms of numbers of students and annual expenditures, far exceeded the size of the competitive programs. In 1974, the Legislature established the Tuition Assistance Program (TAP). Under this program, New York State residents engaged in full-time study, and meeting other eligibility requirements, receive noncompetitive grants to help meet tuition costs. The Tuition Assistance Program replaced the Scholar Incentive Program (which had maximum annual awards of $600) with a more liberal scale of awards providing a maximum annual value of $1,500, not to exceed tuition, for undergraduates. The maximum TAP award for graduate students is $600. The $1,500 maximum was raised to $1,800 in 1978 for first-time students retroactive to 1977-78. Section V of this report provides additional information about TAP.

The Higher Education Services Corporation also administers the Federal Guaranteed Student Loan Program. While the program is State-administered, it is governed by Federal statute and regulations. The Corporation guarantees loans made by the financial institutions, and the Federal government pays the interest of 7 percent while the student is enrolled, provides special allowances to the lending institutions and subsidizes certain administrative costs of the Corporation. During the repayment period after termination of study, the student repays the principal amount plus 7 percent simple interest. Effective January 1, 1981, the interest rate on loans for new borrowers will be 9 percent for in-study and repayment periods. Dependent students attending New York postsecondary institutions may receive loans up to $2,500 a year for meeting costs of approved undergraduate and vocational programs, not to exceed an aggregate of $12,500. Independent undergraduates may borrow up to $3,000 a year with an aggregate limit of $15,000. Graduate and professional students may borrow up to $5,000 a year subject to a limit of $25,000 for combined undergraduate and graduate study.

The Corporation also administers a State-supported loan program for students in those vocational schools that are approved by the Board of Regents, but are not eligible to participate in the Federal Guaranteed Student Loan Program because they are not accredited by national vocational school accreditation associations. Further, the State loan program provides for additional loan limits of $2,500 per year for students in medicine, dentistry, veterinary medicine, podiatry, optometry, and pharmacy.

There are numerous other programs which provide financial assistance to students which are not covered by Articles 13 and 14 of the Education Law. These include tuition waiver programs at the State and City Universities, the State University Supplemental Tuition Awards Program, special State-funded opportunity programs for disadvantaged students in the independent and public colleges, and institutionally funded student assistance programs. All of these programs are administered by institutions and are not covered in this report.

Status of Scholarship, Grant and Loan Programs

The following table shows the types of student aid and numbers of new scholarship and grant awards in 1979-80 as well as the total number of new student loans.

A. Types of Aid and Numbers of Recipients

	Number of New Awards 1979-80	Amount of Annual Award	Term of Award (In Years)
Noncompetitive Awards			
Tuition Assistance Program Awards[1]	327,169	$ 100-1800	4 to 8
Child-of-Veteran Awards[1]	2,500	450	4 or 5[3]
	329,669		
Scholarships for High School Seniors			
Regents College Scholarships	19,443	250	4 or 5[3]
Basic Nursing Scholarships	800	250	4 or 5[3]
Cornell University Scholarships	60	100-1000[2]	4
	20,303		
Other Scholarships and Fellowships			
Medical-Dental Scholarships	130	350-4000	4
Lehman Fellowships	30	4000-5000	4
Optometry Scholarships	5	350-1000	4
Veterinary Scholarships	10		
	175		
The student loan program, 1979-80[1]		2,500-5,000	
Number of Original Loans	165,467		
Number of Additional Loans	159,338		
	324,805		

[1] Data reported in Higher Education Services Corporation preliminary budget request for 1981-82.
[2] Awards are administered and funded by Cornell University and provide for tuition reduction.
[3] Awards may be held for five years if the academic program requires more than four years for completion.

B. Total Annual Financial Assistance to College Students

The student financial aid programs of New York State totaled approximately $940.7 million in 1979-80. During that year, they provided about 400,000 scholarship and grant awards. Over 324,000 student loans were approved in 1979-80, of which approximately 165,000 were to first-time borrowers. The total expenditures of $940.7 million represent an increase of over one-third over the total outlay of $695.3 million in 1978-79. The TAP and Regents Scholarship program expenditures increased from $244.9 million in 1978-79 to $277.9 million in 1979-80. The increase of 14.8 percent in TAP expenditures is attributed primarily to the continued phasing-in of the higher TAP schedule for undergraduates, initiated in 1978-79, with a maximum undergraduate TAP award of $1,800 for first-time recipients (effected retroactively to 1977-78). The maximum for other undergraduate recipients is $1,500. Student loans increased from $450.4 million in 1977-78 to $662.8 million in 1979-80, an increase of 47 percent. This dramatic increase, which accounts for most of the increase in State-administered programs, is due to expanded numbers of borrowers (a family income limitation was removed by the Federal Middle Income Student Assistance Act of 1978) as well as increased participation by lending institutions and increased demand for loans to meet increasing college costs.

Table 1
Payments and Aid Recipients
1978-79 and 1979-80

	Students		Amount (in millions)		Percent Change in Amount
	1978-79	1979-80	1978-79	1979-80	
Tuition Assistance Program Awards[1]	317,596	327,169	$225.3	$258.6[2]	+14.8
Regents Scholarships, Fellowships[3] and Child of Veteran Awards	71,292	71,238	19.6	19.3	- 1.5
Student Loans[3]	236,771	324,805	450.4	662.8	+47.2
Total	625,899[4]	723,218	$695.3	$940.7	+35.3

[1]Data reported in Higher Education Services Corporation preliminary budget request for 1981-82.

[2]The total for 1979-80 TAP awards includes $7.3 million from the Federal State Student Incentive Program.

[3]Data reported in Higher Education Services Corporation Annual Report, 1979-80.

[4]Total contains duplicated numbers of recipients (students who are receiving assistance from more than one program).

Determination of the Student's Award on the Basis of Tuition Cost and Financial Ability

The minimum and maximum awards for the scholarship and grant programs are established by legislation. Within this range, the award is determined by the tuition cost of the college attended by the student and by the family net taxable income. (Lehman Fellowships and Child of Veteran Awards are not limited by tuition charges or family income and Regents Physician Shortage Scholarships are not limited by tuition charges.)

These limitations are illustrated for the largest award program, the Tuition Assistance Program. That program presently operates with four schedules of awards. Schedule B applies to graduate and professional students who are: financially dependent, financially independent and married, financially independent and single with dependents. Schedule C is available to undergraduate students who are: financially dependent, financially independent and married, financially independent and single with dependents. The $1,800 maximum, or tuition, whichever is less, under Schedule C is applicable to first-, second- and third-year students in 1979-80. Other students are under the $1,500 maximum, or tuition, whichever is less.

Table 2
Illustrative Tuition Assistance Program (TAP) Annual Awards
Schedules B and C
1980-81

Net Taxable Balance*	Independent College		SUNY and CUNY	
	Schedule B	Schedule C	Schedule B	Schedule C
$2,000	$600	$1,800	$600	$925
2,750	550	1,800	550	925
6,000	333	1,595	333	720
9,000	133	1,375	133	500
12,000	100	1,115	100	240
15,000	100	795	100	200
20,000	100	200	100	200

*Net taxable balance is the gross income less all allowable exemptions and deductions for State income tax purposes. For the typical two-child family, a net taxable balance of $2,750, for example, is approximately comparable to a gross income of about $7,450 with standard tax deductions.

After a student has received two full years of payments under any program (TAP or Scholarship), remaining TAP payments under Schedule C are reduced by $200 per year, except that no student shall receive less than $200 per year if the family net taxable balance is $20,000 or less.

Two additional schedules were established for single, financially independent students without dependents by the 1977 legislature. Schedule D applies to graduate students and Schedule E applies to undergraduate students.

Table 3
Illustrative Tuition Assistance Program (TAP)
Annual Awards for Single, Financially Independent Students
1980-81

Net Taxable Balance	Independent College		SUNY and CUNY	
	Schedule D	Schedule E	Schedule D	Schedule E
$0- 1,000	$600	$ 1,800*	$600	$925
2,000	350	1,500	350	625
3,000	100	1,300	100	325
5,000	100	600	100	200
5,677 & over	0	0	0	0

*The maximum award of $1,800 is applicable to students receiving TAP awards for the first time in 1977-78 or thereafter.

The Regents recommendations for improvement in the TAP award scale, as described in Section II, would change the net taxable balance intervals for the determination of the maximum and minimum awards and change the award values between the maximum and minimum awards. In addition, the Regents recommend the elimination of the $200 reduction of the TAP award for upper-division undergraduate students.

Section

IV

The Scope of Other Federal Student Aid Programs in New York

Students in the State's postsecondary institutions also participate in various Federal need-based student aid programs in addition to the Guaranteed Student Loan program previously described. There are four major programs, three of which are administered by the colleges. The latter are the National Direct Student Loan Program (NDSL), the College Work Study Program (CWS), and the Supplemental Educational Opportunity Grant Program (SEOG). The colleges receive annual allocations of funds, based on reviews of their requests and Federal allocation formulas, and distribute the funds on the basis of need. There is also a national entitlement program for undergraduates, the Pell Grants, formerly known as the Basic Educational Opportunity Grant Program (BEOG). In this program, the student applies directly to an agency under Federal contract which issues award certificates to eligible students. The students decide where they will use their awards, and the award certificates are then the basis for credit or cash towards educational expenses. The campus financial aid officer is responsible for "packaging" or combining various Federal, State, and institutional awards so they may meet, but not exceed, the student's financial need.

Reauthorization of Programs Through the Higher Education Amendments of 1980

The various Federal student aid programs were subject to Congressional reauthorization in 1980. After over a year of debate and passage of several separate measures in each house, Congress passed a compromise measure, the Higher Education Amendments of 1980, in September 1980 and President Carter subsequently approved the measure. The Amendments continue the entitlement and campus-based programs as well as the Guaranteed Student Loan Program.

Important changes in the programs include the following:

1. Guaranteed Student Loan Program

   - Maximum aggregate loan limitations have been increased from $7,500 to $12,500 for dependent undergraduates, to $15,000 for independent undergraduates and from $15,000 to $25,000 for graduate and professional students (a maximum for combined undergraduate and graduate loans).

   - While annual loan limitations for undergraduate and graduate students remain $2,500 and $5,000, respectively, independent undergraduates may borrow up to $3,000 a year.

   - The interest rate is increased from seven percent to nine percent for students who have not previously borrowed, effective January 1, 1981. The interest rate will be reduced to eight percent if the interest rate on U.S. Treasury bills drops below nine percent. For borrowers in-study, the Federal government continues to pay interest to the banks.

- A new, parental loan program has been established which permits parents of dependent students to borrow up to $3,000 annually and up to an aggregate of $15,000. Repayment of principal commences within 60 days after the date of loan disbursement and the interest rate is nine percent per annum on the unpaid loan balance. The interest rate will be reduced to eight percent if the interest rate in U.S. Treasury bills drops below nine percent.

2. National Direct Student Loan Program

   - Maximum aggregate loan limitations have been increased from $5,000 to $6,000 for undergraduate students and from $10,000 to $12,000 for graduate students.

   - The interest rate has been raised from three percent to four percent. The loan continues to be interest free while the borrower is in-study but the grace period after termination of study has been reduced from nine to six months.

   - An alternate funding option has been added which permits the Secretary of Education to borrow loan capital from the Federal Financing Bank in addition to appropriations. Should such funding equal $1 billion, loan repayment collections would revert to the Treasury and the loan funds would no longer revolve at the campus level.

3. Pell Grants (formerly the Basic Educational Opportunity Grant Program)

   - The maximum annual award, subject to appropriations, will be increased from $1,800 to $1,900 in 1981-82 and then to $2,100 in 1982-83, $2,300 in 1983-84, $2,500 in 1984-85 and $2,600 in 1985-86. However, increases in maximum Pell Grants are prohibited unless appropriations for SEOG grants reach specified minimum levels ranging from $400 million when the maximum Pell Grant is $1,900 to $480 million when the maximum Pell Grant is $2,500.

   - The cost of education limitation for the grants would be gradually increased from the current limit of 50 percent to 70 percent in 1985-86 as maximum awards are increased.

4. Supplemental Education Opportunity Grant Program

   - The maximum award has been raised from $1,500 to $2,000.

   - The requirement that the supplemental grant must be matched by other forms of student aid has been eliminated.

- A new formula for determining institutional allocations has been established which takes into account a portion of educational costs to be met by student and family contributions and a portion to be met by other forms of Federal, state and institutional aid. This provision continues a procedure initiated in 1978 for 1979-80 funding.

5. General provisions

- A single financial needs analysis system is required for determining a student's eligibility for the Pell Grant and Federally funded campus-based aid.

- A single application form for the Pell Grants and campus-based aid is required, with no charge to the student for processing.

- In determining the family contribution, certain specific conditions have been established, including the elimination of home equity in need calculations and the requirement that no more than 14 percent of the family's discretionary income should be counted if the annual gross income is less than $25,000. The percentage of income to be contributed by the family with more than $25,000 income will be determined by Federal regulation.

A discussion of the implications of some of these provisions is included in Section VI.

Distribution of Federal Aid Funds

Table 4 shows distributions of funds under the four major Federal programs for the two most recent years. It should be noted that the totals for each year of the campus-based programs are understated because the full amounts for the NDSL and CWS Programs are not available. For example, the NDSL allocations represent Federal capital contributions. The amounts do not include institutional capital contributions of one-ninth the Federal allocation, nor do they include funds from collections of previous loans or cash on hand. Thus, the funds available for loans exceed the amounts listed. The CWS allocations do not include an additional minimum 20 percent capital contribution from institutional or off-campus (non-profit) employers. Some institutions are able to obtain higher proportions of off-campus contributions. The SEOG funds do not require capital contributions but, for the two years shown, had to be matched by equal amounts of aid from other sources, governmental or institutional. In addition, the award could not exceed one-half the financial aid awarded the student. These limitations have been eliminated under the Higher Education Amendments of 1980. The estimated numbers of recipients under the campus-based programs are also understated because the larger amounts of program funds would permit additional awards.

Table 4
Estimated Distribution of Federal Student Aid Funds in New York
By Program, 1978-79 and 1979-80

Program	1978-79 Amount (in millions)	1978-79 Estimated No. of Recipients	1979-80 Amount (in millions)	1979-80 Estimated No. of Recipients
Pell Grants (Formerly Basic Grants)	$207.5	222,737	$248.5	270,000
Supplemental Educational Opportunity Grants	$ 20.7	35,072	$ 25.6	42,949
National Direct Student Loans	$ 28.5	76,545	$ 31.6	78,436
College Work Study	$ 32.7	72,629	$ 48.0	86,430
Total	$289.4		$353.7	

Data from Bureau of Student Financial Assistance, United States Office of Education. Numbers and amounts under the three Federal programs are based on preliminary estimated allocations. Actual disbursements, which are not available, will produce adjustments for the figures in the table. Institutional contributions are not included in the amounts for the National Direct Student Loan and College Work Study Program. Also, National Direct Student Loan figures do not include cash on hand or funds from repayments which are available for relending.

The total amount of $353.7 million for the four programs in 1979-80 represents a 22.2 percent increase over 1978-79. An increase of $41 million (19.8 percent) in the Pell Grants Program accounts for much of the growth. For 1978-79, the grants under this program were in a range of $200 to $1,600. The award schedule operated in a manner that largely limited eligibility to students of low and lower-middle income categories. The great majority of awards were received by students whose gross family incomes were less than $12,000. The Middle Income Student Assistance Act of 1978 raised the income limitation and, beginning in 1979-80, BEOG awards become available to students whose gross family incomes reached approximately $23,000. The maximum award was also raised from $1,600 to $1,800. These two changes were primarily responsible for the increase in the amount of awards in 1979-80. The 1979-80 expenditure of $248.5 million for Pell Grants approached State expenditures of $251.3 million for TAP awards. Given the changes in the Higher Education Amendments of 1980 which affect the Pell Grants, it appears that Federal expenditures for this program will continue to increase, especially if appropriations are increased to permit the raising of maximum award levels.

The funding for the three campus-based programs (SEOG, NDSL and CWS) also showed an increase of $23.3 million in 1979-80, a gain of 28.4 percent. For the SEOG and CWS programs, the increases are the result of higher appropriations. For the NDSL program, the increase may be attributed to shifts in the allocations among states. Overall, the relationship of the campus-based funding to the Pell Grants funding remains about the same for the two years; in 1978-79 the campus-

based funds equalled 39.5 percent of the Pell Grants and for 1979-80 they equalled about 42.3 percent of the Grants. It is likely that the patterns of distribution of campus-based funds at both public and nonpublic institutions have been altered by the impact of MISAA which has made larger amounts of basic grant and GSLP funds available to more students. Because of the recency of MISAA and the evolution of the new funding system for campus-based programs, there will be a lag in determining more fully the effects of these changes.

The Federal campus-based and Pell Grant programs are not duplicative of TAP awards. The campus-based aid supplements the Pell and TAP awards in meeting all educational costs. The TAP award is limited to tuition and the Pell Grant presently may not exceed one-half of educational costs. If and when the maximum Pell Grant levels and educational cost limitations change, as authorized in the Higher Education Amendments of 1980, it will be necessary to review the relationship of State awards with respect to duplication.

The foregoing data on the Federal programs provide a dimension of comparison with the State-administered student aid programs. The combined amount of Federal student aid for the four major programs is approximately $353 million and represents about 26 percent of the total financial aid available to students in the State from major Federal and State programs. A 1975-76 Education Department study showed that approximately 55 percent of TAP recipients were also receiving aid from other sources, including the Federal programs. Certainly this percentage has increased as a result of the passage of the Federal Middle Income Student Assistance Act, in 1978, which provided eligibility to larger numbers of students from middle-income families in the basic grant program (Pell Grants) and the GSLP Program.

Unfortunately, there is presently a lack of complete data for the Federal programs which would permit an analysis of the combined effects of the Federal and State programs. For example, a precise breakdown of Pell Grant awards and recipients by institutional sector would be helpful in determining how these awards and TAP awards combine to meet educational expenses.

Section

V

Trends in Awards and Payments in the Tuition Assistance Program

The 1980-81 academic year marks the final phase-in year of the TAP award scale which was initiated in 1978-79 and made retroactive for first-time recipients in 1977-78. Under that scale, the maximum award is $1,800 or tuition, whichever is less. It is useful to compare certain data for 1978-79 and 1979-80 to determine what kinds of trends characterize numbers of recipients and amounts of awards.

Numbers of recipients by sector and level

As indicated in Table 5, the overall number of TAP recipients increased by 3.0 percent between 1978-79 and 1979-80. Full-time undergraduate enrollment increased by 1.8 percent in the same period. While the number of undergraduate recipients increased by 3.5 percent, the number at the graduate level decreased 4.2 percent. At the undergraduate level, the proportions of recipients in the public and nonpublic sectors remained nearly the same with about 64 percent of the recipients in the public colleges. At the graduate level the proportions are reversed; approximately 61 percent of the recipients are in independent institutions.

Utilization rates by sector and level

Utilization rates indicate the proportion of full-time students who are TAP recipients. These rates are shown by sector and level in Table 6. The rates are, of course, affected by a number of factors which control eligibility for awards. These factors include the numbers or proportions of students who are not residents of the State, whose family incomes exceed those prescribed for TAP eligibility or who otherwise do not meet award eligibility requirements. Table 6 indicates that changes in utilization rates are relatively small as are changes in enrollments for the two-year period and, in some cases, the utilization rate change is inverse to the change in enrollment.

Payments by sector and level

Table 7 provides a distribution of TAP awards by sector and level for 1978-79 and 1979-80. The proportions of payments between sectors changed only slightly. At the undergraduate level, the public colleges received about two percent more of the undergraduate payments in 1979-80 than in 1978-79. At the graduate level there was no change. Although the numbers of public college recipients at the undergraduate level represent about 64 percent of the total, they receive about 44 percent of the payments to undergraduates. The lower proportion of payments reflects the lower public college tuition charges to which the TAP awards are applied. At the graduate level, where tuition changes in all sectors exceed the $600 maximum TAP award, the proportions of payments are rather close to the proportions of recipients.

Average awards

The changes in average awards for undergraduates between 1978-79 and 1979-80 are shown in Table 8. Increases in average awards for undergraduates at State University State-operated and City University colleges are due primarily to tuition increases for lower division students. Increases in awards at independent colleges and in the "other school" category are attributed primarily to the continued phasing-in of the higher award scale under the $1,800 maximum award as most of the institutions in these two categories have tuitions in excess of $1,800. While average awards are affected by family income level, changes in such levels within the respective sectors are not large enough to significantly affect changes in average awards within the sectors.

Average awards as a proportion of tuition charges

The relationship of average awards to tuition costs is displayed in Table 9. Although the average TAP award has continued to increase for independent college students, it only covers about one third of the average tuition charged to TAP recipients. On the other hand, the average TAP award at the public colleges provides more than one half the cost of tuition.

* * * * *

The establishment of TAP in 1974 had the purposes of providing larger amounts of tuition assistance to all eligible students and, through a much higher maximum award than under the predecessor Scholar Incentive Program, facilitating choice as well as access.

During the period in which the Tuition Assistance Program has grown, the various Federal student aid programs have also expanded as larger numbers of students have received aid, particularly through the basic grants and GSLP programs. The enlargement of eligibility is due primarily to the passage of the Middle Income Student Assistance Act of 1978. As noted in Section IV, the recent passage of the Higher Education Amendments of 1980 promises to continue that trend in Federal assistance. As a result of these changes, students in New York institutions should continue to receive larger amounts of Federal aid.

Of the differences that exist between TAP and the Federal programs, those involving needs analysis systems and coverage of educational costs are quite important. These differences are referred to in Sections IV and VI. The data presented on trends in awards and payments in the Tuition Assistance Program would be even more useful if it were possible to obtain additional data which would show the relationships between the amounts of Federal assistance which TAP recipients receive (as well as non-TAP recipients), the extent to which educational costs (tuition and maintenance) are met by the combination of State and Federal assistance and, for some students, by State or Federal aid alone.

Table 5
Number of TAP Recipients by Sector
1978-79 and 1979-80

	1978-79		1979-80[1]		
	Number	Percent of Total	Number	Percent of Total	Percent Change in Number from '78-'79
Undergraduate	298,323	100.0	308,703	100.0	+ 3.5
State University	104,068	34.9	105,351	34.1	+ 1.2
State-operated	64,630	21.7	63,884	20.7	- 1.2
Community Colleges	39,438	13.2	41,467	13.4	+ 5.1
City University	90,736	30.4	90,807	29.4	-
Senior Colleges	54,603	18.3	51,612	16.7	- 5.5
Community Colleges	36,133	12.1	39,195	12.7	+ 8.5
Independent Colleges	87,668	29.4	93,411	30.3	+ 7.0
Other Schools[2]	15,851	5.3	19,134	6.2	+20.7
Graduate	19,273	100.0	18,466	100.0	- 4.2
State University	5,871	30.5	5,521	29.9	- 6.0
City University	1,726	9.0	1,779	9.6	+ 1.5
Independent Colleges	11,676	60.5	11,166	60.5	- 4.4
TOTAL	317,596		327,169		+ 3.0

[1]Estimated number of TAP recipients reported as annual average number of recipients in the Higher Education Services Corporation budget request for 1981-82.

[2]Includes hospital schools, degree-granting proprietary institutions, and registered non-degree business schools with curricula of two years duration.

Table 6

Utilization Rates for TAP Recipients by Level of Enrollment and Type of Institution[1]
1978-79 and 1979-80

	1978-79 Enrollment (Full-time)	TAP Recip. as % of Enrollment	1979-80 Enrollment (Full-time)	TAP Recip. as % of Enrollment	Percent change in Enrollment
Undergraduate	521,946	54.1	530,464	54.6	+1.6
State University	207,516	50.1	211,608	49.8	+1.9
State-operated	126,752	51.0	128,359	49.7	+1.3
Community Colleges	80,764	48.8	83,249	49.8	+3.1
City University	112,664	80.5	111,206	81.7	-1.3
Senior Colleges	63,928	82.8	63,850	80.8	-3.2
Community Colleges	46,736	77.3	47,356	82.8	+1.3
Independent Colleges	201,766	43.5	207,650	45.0	+2.9
Graduate	66,112	29.2	66,628	27.7	+ .7
State University	14,565	40.3	14,946	36.9	+2.6
City University	4,605	37.5	4,658	38.2	+1.2
Independent Colleges	46,942	29.9	47,024	23.7	+ .1

[1]Enrollments reported by the State Education Department for Fall 1978 and Fall 1979.

Table 7

TAP Payments by Sector
1978-79 and 1979-80

	1978-79		1979-80[1]	
	Amount (in millions)	Percent of Total	Amount (in millions)	Percent of Total
Undergraduate	$218.0	100.0	$251.3	100.0
State University	45.2	20.7	53.6	21.3
State-operated	28.4	13.0	34.5	13.7
Community Colleges	16.8	7.7	19.1	7.6
City University	49.5	22.7	57.4	22.8
Senior Colleges	29.1	13.3	31.6	12.6
Community Colleges	20.4	9.4	25.8	10.2
Independent Colleges	101.7	46.7	113.8	45.3
Other Schools[2]	21.5	9.9	26.4	10.5
Graduate	7.3	100.0	7.3	100.0
State University	2.2	30.1	2.2	30.1
City University	.8	11.0	.8	11.0
Independent Colleges	4.3	58.9	4.3	58.9
TOTAL	$225.3		$258.6	

[1]Estimated amounts reported in the Higher Education Services Corporation 1981-82 budget request.

[2]Includes hospital schools, degree-granting proprietary institutions, and registered non-degree business schools with curricula of two years duration.

Table 8

Average TAP Awards By Sector and Level of Study

	Average Amounts 1978-79	1979-80[1]	Percent Increase
Undergraduate	$ 731	$ 814	11.4
State University			
State-operated	440	540	22.7
Community Colleges	427	461	8.0
City University			
Senior College	532	613	15.2
Community Colleges	563	659	17.1
Independent Colleges	1,160	1,219	5.1
Other Schools[2]	1,356	1,381	1.8
Graduate	$ 378	$ 393	3.9
State University	382	397	2.9
City University	417	421	.1
Independent College	371	387	4.3

[1]Data from Higher Education Services Corporation 1981-82 budget request.

[2]Includes hospital schools, degree-granting proprietary institutions, and registered business schools with two-year curricula.

Table 9

Estimated Average Undergraduate TAP Awards and Average Tuition Costs
1978-79 and 1979-80
(Fall Terms)

	Independent			State University						City University					
				State Operated			Community Colleges			Senior Colleges			Community Colleges		
	1978-79	1979-80	%Change	1978-79	1979-80	%Change	1978-79	1979-80	%Change	1978-79	1979-80	%Change	1978-79	1979-80	%Change
Average tuition[1]	$3,048	$3,270	7.3	$ 840	$ 920	9.5	$ 694	$ 750	8.1	$ 842	$ 932	9.5	$ 732	$ 920	25.7
Average TAP[1]	1,046	1,112	6.3	436	504	15.6	426	460	8.0	566	634	12.0	576	676	17.4
Tuition Less TAP	2,002	2,158	7.8	504	416	(17.5)	468	290	(38.0)	316	298	(5.7)	156	244	56.4
TAP as a % of tuition	34.3	34.0	(.3)	51.9	54.7	2.8	61.4	61.3	(.1)	67.2	68.0	.8	78.7	73.5	(5.2)

[1] Estimated Average tuition and TAP awards are for Fall terms of 1978-79 and 1979-80 only and are derived from institutional TAP payment reports of the Higher Education Services Corporation. Final annual averages of awards and tuition would reflect adjustments.

Section

VI

The Relationship of State and Federal Student Aid Programs

The major State and Federal student aid programs in New York provided approximately $1.4 billion to students in 1979-80. (See page 11.) Supplementing this assistance, of course, are funds from other governmental programs as well as institutional funds. This assistance, in all its various forms, has a considerable impact on student access and choice. Student assistance programs are a major element in the funding of postsecondary education. On the Federal level alone, the lengthy debate and consideration which culminated in the passage of the Higher Education Amendments of 1980 illustrates the importance as well as the complexities of this area of financial support to education.

While the drafting of the amendments reflected an intent to improve and expand the two grant programs (Pell and SEOG), there was particular interest in reducing the costs of the loan programs. It appears that projected savings are likely only if the alternative funding option under the NDSL Program (see Section IV) supplants large amounts of Congressional appropriations and if Federal central administrative costs are controlled. The increased interest rate in the GSL Program will produce some savings on a longer-range basis as borrowers repay a portion of the subsidy for those loans previously paid by the Federal government. The parental loan program, authorized by the 1980 amendments, will need to be implemented in New York through changes in statute.

The effects of changes in the loan programs, as well as those of the Pell Grants and SEOG Programs, will be felt during the 1980's when the environment of postsecondary education will be modified through changes in enrollments and continuing increases in attendance costs. In a period of competition for limited public funds, pressures will intensify for changes in student aid programs which will provide higher levels of assistance as institutions struggle with fixed cost items, inflation and declining enrollments and tuition income. With this prospective environment in view, it is highly appropriate for the State to assess the relationships of its financial assistance programs with those of the Federal government so that there can be a clear determination of the goals and effectiveness of State programs and the need for support.

Although State and Federal programs have obviously succeeded in promoting access and choice, they are characterized by a considerable lack of planned coordination and the use of different funding mechanisms, financial needs tests and application procedures. These conditions are largely the result of the fact that the major government aid programs were established at different times for different purposes by different agencies without an underlying or unifying rationale. It is because of these conditions that it is difficult to perceive how the State and Federal progams mesh. The lack of coordination also creates a situation in which the State does not have important data on how the Federal programs contribute to access and choice, particularly with respect to family incomes, the relationships between grants, loans and part-time employment, the extent to which such aid meets total expenses and the amounts and kinds of assistance received by part-time students as well as full-time students. In order to understand the effectiveness of State award programs it is necessary to obtain and analyze data on the Federal and State programs and relate the Federal effort to that of the State. A comprehensive collection and analysis of data is a large task.

The determination of financial need, or the ability to pay for college costs, is another important area for review. Under the Higher Education Amendments of 1980 a single needs analysis system and a single application are to be used for the Pell Grants programs and the campus-based programs. The single needs analysis system will replace three major and different systems currently in use. State need-based awards are determined through another system based on State net taxable income. The advantages and disadvantages of the different systems need to be considered along with improved application procedures.

The measurement of State and Federal efforts in student aid programs, under current funding systems, should enable the State to consider various alternatives in developing policy for postsecondary support programs in the 1980's and to determine a standard for State effort. It is particularly important that the analysis be made because the funding process of the Federal campus-based programs is changing. Under this evolving process, an assessment of need at each institution will be determined through consideration of costs, enrollment, family income and State and institutional award programs. The need assessment of the institution is then related to appropriations and statutory allocation formulas for the various programs. The Higher Education Amendments of 1980 specifically established this process for the SEOG Program which had previously been initiated through regulation.

Through an analysis of the Federal and State programs, it will be possible to show the net educational costs to students and their families, in the different educational sectors, and the roles of the various programs in reducing costs. On the basis of the new information, the State can project the costs of its programs and variations of them, also taking into account changes in the postsecondary environment. From these projections the State can better plan the direction of support of postsecondary education.

New York has the largest state student financial aid program in the nation in terms of numbers of students assisted and in expenditures. It was the first state to establish an entitlement grant program (the Scholar Incentive Program was established in 1961). The State-administered Guaranteed Student Loan Program is the largest in the nation. New York's students receive the largest amounts of Federal student assistance in the nation.

As the State moves into the 1980's, it should seek to maintain and improve its primary position in support of access through a measurement of its efforts so as to most effectively use its resources in coordination with those of the Federal government and postsecondary institutions.

In consideration of fiscal and educational policy issues, the State's student aid policy should be reviewed with particular attention to the following objectives:

1. The need to establish goals for the State's student aid programs and methods for setting priorities of these goals so that the State's programs, in tandem with Federal programs, will promote maximum effectiveness of State funding.

2. The determination of how, and to what extent, existing Federal, State and institutional aid programs work together to meet student financial need and postsecondary costs.

3. The identification of alternative ways through which existing programs and available resources can best serve the needs of students and their families, the institutions and the State.

The attainment of these objectives requires a major research effort. One way to accomplish this research would be through a special task force with sufficient support staff and resources. The task force report and recommendations would be provided to the Governor, the Regents and the Legislature.

From this effort, a State policy on financial aid could be developed which would implement purposes of State programs with Federal and institutional efforts.

Appendix A

Illustrative Scale of Proposed TAP Awards
Based on Proposed Maximum Awards for Incomes of up to $5,000 and Minimum Awards Extending to Incomes of $30,000

Net Taxable Balance	Independent Colleges				SUNY/CUNY			
	Undergraduate		Graduate		Undergraduate		Graduate	
	Current	New	Current	New	Current	New	Current	New
$ 2,000	$1,800	$1,800	$600	600	$925	$925	$600	$600
2,750	1,800	1,800	550	600	925	925	550	600
5,000	1,698	1,800	400	600	790	925	400	600
6,000	1,595	1,720	333	533	720	845	333	533
9,000	1,375	1,470	133	333	500	595	133	333
12,000	1,115	1,180	100	133	240	305	100	133
15,000	795	830	100	100	200	200	100	100
20,000	200	200	100	100	200	200	100	100
25,000	0	200	0	100	0	200	0	100
30,000	0	200	0	100	0	200	0	100